

**Submission to the Senate Inquiry
on the Proposal to Quarantine
Income**

ANGLICARE Diocese of Sydney

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INTRODUCTION

ANGLICARE Sydney would like to thank the Senate for the opportunity to provide a submission commenting on the FaHCSIA proposal to extend income quarantining across a number of communities.

ANGLICARE Sydney is a Christian organisation operating a wide range of community services and programs across the Sydney Metropolitan and the Illawarra regions of New South Wales. Our range of services include: counselling; community education for families; youth services; emergency relief for those in crisis; family services including those provided through Family Relationship Centres; foster care and adoption including those with special needs; aged care both through nursing homes and community services; opportunity shops which provide low-cost clothing; disability respite; chaplains in hospitals, prisons, mental health facilities and juvenile justice institutions; and emergency services in times of disaster.

Many of our services, particularly Emergency Relief and Disability, reach out to members of the community who may experience multiple deprivation, homelessness and social exclusion. As one of the largest national providers of Emergency Relief through our Sustainable Living program, ANGLICARE is still expanding its number of service outlets in new and growing areas of need. Our research indicates that those most at risk of such exclusion are women, single parents, and people living alone, people in public or private rental, people who are indigenous or refugee and people with a disability. Indeed one in ten of our clients are indigenous - a proportion 10 times greater than their presence in the average population in Sydney. We have a number of indigenous specific programs and have become increasingly aware that marginalised people, especially indigenous people, are not homogenous and their problems are complex, often reflecting individual circumstance, community context, material deprivation and lack of opportunity.

POLICY PRIORITIES

There has long been recognition that Indigenous people are more at risk of material deprivation and social exclusion than their non-Indigenous peers. The 2007 *Overcoming Indigenous Disadvantage* Report provided a number of key indicators of this deprivation and exclusion. They revealed lower life expectancy, higher levels of disability, kidney disease and asthma, lower levels of household income, lower levels of school retention, an unemployment rate three times higher than for non-Indigenous people, high suicide rates and a risk of imprisonment which was 13 times greater than for the non Indigenous population.¹

The 2007 *New Indicators of Disadvantage* study, using both a national and client survey sample, identified a number of particular groups in the community at higher than average risk of being socially excluded. The study reported that:

“The level of deprivation experienced by Indigenous Australians is very high – the highest in any single community sample category identified in this analysis – and it exceeds that

¹ Steering Committee for the Review of Government Service Provision, (2007), *Overcoming Indicators of Disadvantage*, Productivity Commission, Canberra.

*of the non-Indigenous population by a factor of more than four-to-one.*²

This deprivation took the form of limited access to regular meals, prescribed medicines, dental and medical services and decent and secure housing.

ANGLICARE Sydney's current data on ER service users also reflects a significant over representation of Indigenous people, with more than one in ten service users (11%) identifying as Aboriginal or Torres Strait Islander. This compares with an average Sydney Indigenous population of around 1.1% of the resident population.

The evidence in relation to the dichotomy between indigenous and non indigenous health, well being, education, employment, housing, food insecurity, domestic violence and infant mortality is overwhelming. It is this dichotomy which makes rectifying such deprivation an urgent national priority. It was this sense of urgency which led to the implementation of the Northern Territory Intervention – a component of which was Income Management.

STATED AIMS OF INCOME MANAGEMENT

According to the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) and the *Social Security and Other Legislation Amendment (Welfare Payment Reform) Act 2007*, the aims of income management are to:

- ensure that part of certain welfare payments are directed to meeting the priority needs of the person, their partner, their children and other dependents;
- reduce the amount of cash in communities where substance abuse, gambling and other anti-social behaviours are problems that can lead to child abuse and community dysfunction;
- provide better financial security to women and elderly community members who are vulnerable to 'humbugging' (harassment for money), and;
- promote socially responsible behaviour, particularly in relation to the care of children.

It is ANGLICARE'S understanding that the long term outcomes of such a policy are seen by government as leading to improved well being of children and family members, greater self reliance coupled with enhanced economic, social and community engagement leading to stronger families and more resilient communities.

² Saunders, P. Naidoo, Y and M. Griffiths (2007) *Towards New Indicators of Disadvantage: Deprivation and Social Exclusion in Australia*, Social Policy Research Centre, University of NSW, p55

WHAT INCOME MANAGEMENT LOOKS LIKE

Currently, income management involves the 'quarantine' of a specified amount of welfare and family payments to ensure that the money is spent on 'priority' needs. In the Northern Territory, 50 percent of most income support and family assistance payments are withheld, and 100 percent of most advances, lump sum payments and the Baby Bonus are withheld. The major income support payments that are withheld include the Newstart Allowance, Parenting Payment, Disability Support Pension, Age Pension and Youth Allowance. Until 1 July 2010, these restrictions are applicable to:

- People living in a declared area of the Northern Territory: Compulsory income management in 73 NTER prescribed communities
- Child Protection Notices: Kimberley and Cannington, WA
- School Attendance (primary and secondary school): Two metropolitan areas of Western Australia and six Northern Territory communities (Hermannsburg, Katherine, Katherine town camps, Wallace Rockhole, Wadeye and the Tiwi Islands).
- Prescribed areas in Queensland: Aurukun, Coen, Hope Vale and Mossman Gorge, as part of the Cape York Welfare Reform Trial.

Before expanding this policy across other communities, which is the current policy direction indicated in the November 25, 2009 Ministerial press release, it is important to clearly ascertain whether the outcomes of such a policy have been adequately evaluated and met.

HAS INCOME MANAGEMENT BEEN EFFECTIVE?

Evaluating effectiveness is best achieved by assessing if the stated outcomes have been achieved. The material referred to in this section is based on

- The 2009 FaHCSIA sponsored client interviews with 76 participants in 4 communities (unpublished data), referenced in the Australian Institute of Health and Welfare's *Report on the evaluation of income management in the Northern Territory*;
- The 2009 FaHCSIA sponsored stakeholder focus groups with 167 stakeholders (unpublished data), also referenced in the above AIHW report and;
- The complete transcripts of FaHCSIA's consultations with NTER communities (June 2009 – August 2009), as released in the independent report, *Will They Be Heard*.

It should be noted that this evidence has been collected by the Department and not by external consultancies and the data collection is limited to a small number of communities who experienced the NTER. Given the caveats that such limits create, in relation to more widespread generalization of findings, there is some evidence of positive outcomes communities in relation to mandatory income management, as well as a range of issues and concerns.

A) Positive Outcomes

1. FaHCSIA's evaluation would indicate that there has been positive outcomes for some families in relation to spending on priority needs. While there is no quantitative data indicating the nature or frequency of spending patterns some qualitative data from a small number of focus groups reveals increased expenditure on essentials such as food, clothing and rent and for some there has been the opportunity for savings.
2. In 4 out of the 73 communities, women reported positive outcomes in relation to food security and choice of food. It was indicated that 'female households' (e.g. mother, aunt or grandmother) had enjoyed a greater level of food security, as food purchases could be planned at fortnightly intervals with the use of the BasicsCard.
3. The 2009 Client Interviews indicate the majority of participants reported having spent less on gambling (65 percent) and less on cigarettes (68 percent of men and 50 percent of women).
4. Feedback from the 2009 Client Interviews indicates that about half of the respondents found it easier to pay for rent (55 percent) and other bills (53 percent) since the introduction of income management.
5. The independent report, *Will They Be Heard*, mentioned briefly that there had been a reduction in humbugging from both 'drinkers' and 'non-drinkers' in the community of Tennant Creek, and that elderly people in the communities near Darwin had not been humbugged as frequently. These observations are consistent with the results of the 2009 Client Interviews, where just over half of participants (52 percent) reported that there had been less humbugging from a personal perspective. Qualitative feedback from a 2008 survey of 66 community store owners also indicated that some women had expressed happiness in being able to purchase more food as a result of less humbugging.
6. Anecdotal observations from the 2009 Stakeholder focus groups, indicated that children were looking "fatter", "more active" and "healthier" as a result of improved nutrition and a better home environment. Two-thirds of respondents believed that child welfare had improved since income management had been introduced. Additionally, other participants commented that they had seen or heard feedback about children who were doing better in school.
7. There was a brief reference to the levels of school attendance in the 2009 Client Interviews and the 2009 stakeholder focus groups, where there was some consensus that school attendance levels had increased and that children were doing better at school, as witnessed through improved concentration levels and academic results.

B) Issues

The following are issues raised in the evaluations conducted by FaHCSIA.

1. There were issues with the operation of the Basics Card including failure of the card to operate over weekends leading to hardship for families. This

lack of flexibility suggests that further alternatives need to be explored to ensure that individuals and families are not denied access to the essentials for daily living.

2. While there are positive outcomes in relation to reduction of spending on excluded items there is evidence to suggest that this may have been offset by increased spending by 63% of participants in the evaluation study on such items in their non managed funds. However, there is a lack of quantitative data on consumption patterns to make a considered judgment on this issue.
3. Government emphasis on reducing expenditure on 'excluded' items, has not been met with increases in investment in programs or initiatives that could assist people in reducing or abstaining from these habits, e.g. counselling or rehabilitation courses. There has been a lack of support or wrap around services, education and early intervention to mitigate such spending.
4. There is also evidence of people trading their BasicsCards for cash in order to purchase excluded items. There was mention in the 2009 Stakeholder group of people gambling with their BasicsCard as a substitute for cash.
5. Some participants expressed concern in the 2008 Community feedback report (FaHCSIA) about the difficulties of budgeting for larger bills, e.g. car registration and ongoing debts, when such a large proportion of their income was quarantined. Indeed, the 2009 Client Interviews revealed that almost two-thirds of participants (61 percent) had not saved money since the commencement of income management. Additionally, over half of the participants reported they would be unable to raise money in an emergency (\$200 within 2 days).
6. Some respondents in the 2009 stakeholder focus groups revealed there had been a 'cultural shift' in humbugging, where respondents were now being harassed instead for food, clothing and the BasicsCard. Ultimately, this is a practice that the Federal Government is unlikely to be able to prevent in the short term, and can only be addressed in the form of community engagement, employment and improved opportunities for individuals.
7. Many of the participants from Katherine resented money management as it is "part of our culture that we always take care of our families." This indicates a tenuous balance within an immediate and extended family context, where the dichotomy of kinship obligations and 'having enough' may result in the unforeseen consequences of conflict and relationship breakdowns.
8. Several of the FaHCSIA transcripts that were released as part of *Will They Be Heard?* provided a powerful indication of the level of hurt, frustration and anger that is being experienced by many people in the NTER communities. Specifically, the Indigenous community were outraged that income management had been exclusively applied to them on the basis of race, that the Federal Government was continuing to 'consult' them without actually listening to their concerns, and that there were insufficient programs and employment opportunities to create lasting change in their communities.

9. One of the more reliable measures for income management in both the short and long term is an improving level of education and employment in the NTER communities. Unfortunately, there were no questions relating to employment that were asked of participants at any of the FaHCSIA consultations or as part of the aforementioned short-term qualitative studies. It is also too early to determine if there have been positive educational outcomes in terms of school attendance and performance.
10. According to the 2009 Client Interviews, the majority of participants believed that there had been little change in their communities in terms of anti-social behaviours following the introduction of income management. For example, 50 percent of participants felt that the level of drug abuse and family violence had remained the same, with less than half of the respondents believing that drug abuse (42 percent) and family violence (37 percent) had decreased. Significantly, there are several comments that are captured as part of *Will They Be Heard* which reveals that there are still not enough police in the communities, and that they are not readily available when required, thus resulting in minimal impact on the level of anti-social behaviour in the community. There was also a fundamental distrust of the police in some communities as it was perceived that they had 'special' powers that did not always result in the proper conduct of a police investigation.
11. The transcripts of FaHCSIA's consultations with the NTER communities reveal that many Indigenous people were frustrated by the blanket bans on alcohol, as some communities (e.g. Utopia) already had alcohol bans in place and these people felt deeply hurt and betrayed at being singled out for alcohol abuse. Ultimately, there was a consensus that the Federal Government was not doing enough to combat the problem through health initiatives, education and other classes.
12. About 40 percent of participants felt that income management had reduced their capacity to spend money on 'sorry business' (e.g. funeral and mourning practices) and for travelling to such events. These findings also recurred at the FaHCSIA consultations in Darwin and Nhulunbuy. Problematically, these results suggest that some Indigenous people are finding it more difficult to fulfil their important cultural obligations, which is liable to cause great emotional distress to these individuals and indeed, disapproval from other community members. Although the BasicsCard can be used for funeral costs, it appeared that many people (including those at the Darwin and Nhulunbuy consultations) were unaware that the BasicsCard was available for these expenses. As the Federal Government is intent on maintaining the BasicsCard, this further emphasises the need for ongoing community education and for improved support from the General Business Managers on behalf of the people in their community.

c) Other Evidence

Child Health Checks (CHC) were introduced in 2007 as part of the NTER. According to the latest quantitative data compiled for the period November 2008 to June 2009 (incorporating 1,226 CHCs), **there has been little change** in the general pattern of health conditions, wellbeing and risk factors for children that have been previously identified through the CHCs. Key risk factors include living in a household with a smoker (76 percent of children), at least one type of oral health

condition (43 percent), a history of recurrent chest infection (37 percent), at least one type of skin condition (37 percent), ear disease (30 percent) and anaemia (16 percent).

OTHER EXAMPLES OF INCOME MANAGEMENT

a) Mandatory Income Management

ANGLICARE Sydney has provided assistance to people through our Emergency Relief centres, whose income is managed by the Public Trustee of NSW, in response to a court or tribunal financial management order. In our experience, these people are usually low income earners (including those on a pension) and may be experiencing social exclusion, such as mental illness or problem gambling. These people receive approximately \$70 - \$80 every three to four days for food and other essential items, but are constantly struggling to make ends meet. They generally do not appear to understand that rent and electricity is already provided for and they consider that the OPC is 'stealing' their money. At times this leads to violence and hostility to the program coordinators. We are concerned that these people have received inadequate support in the past from the now-defunct Office of the Protective Commissioner (OPC) with regard to the management of their finances, including high administration fees, an absence of individualised budgets or financial plans that are tailored to their needs, and limited personal contact with the OPC.

Under these circumstances, it had been impossible for the OPC to determine whether these plans had a positive impact on the lives of the people in their financial care. Based on our experiences in Emergency Relief, this existing form of income management has worsened the situation of the people who have sought assistance, as it further increases their dependency on welfare, reduces opportunities for employment and prevents their exit into sustainable independent living.

b) Voluntary Income Management

The Cape York Family Income Management (FIM) is an example of a voluntary 'money management' initiative that has been operating since 2002. The FIM program was established by Cape York Partnerships (CYP) following several years of development and consultation in the local area, and now operates in 8 communities. It provides people with access to mainstream banking facilities, and is intended to improve the capacity of families to manage their income, improve living standards and achieve personal goals. The FIM program involves intensive work with individuals and families to develop a household budget, to ensure that bills are paid and children are properly cared for, to identify and discharge their responsibilities with each other and the community, to ensure that each individual contributes to household bills, food costs and savings, and to provide ongoing education about banking services.

Since its inception, the FIM program has achieved a number of positive outcomes in the participating Cape York communities. These include:

- Assisting a family in Mossman Gorge to purchase the first 'mainstream owned' home in the community (October 2006);

- Assisting a second family in Hopevale to build a low-cost housing structure;
- Assisting a young couple to save for the first wedding in Aurukun for over a decade (September 2006);
- Increased spending on food and decreased spending on alcohol and gambling;
- No more electricity and phone disconnections and payment of reconnection fees;
- Increased feelings of security from older people as FIM has become an acceptable excuse to avoid being 'humbled', and;
- Young people contributing to household expenses for the first time.

In retrospect, the FIM program serves as a noteworthy example of both 'voluntary' income management and a relevant grassroots initiative, as it empowers individuals and families to achieve their personal goals, encourages lifestyle change, and generates goodwill and support from within the local community. It was created in recognition of local needs and issues in the Cape York region, without the presumption of being adopted as a 'blanket' scheme elsewhere. Essentially, the FIM program has given participants the opportunity to manage their finances independently and to reap the rewards of saving for 'dream' purchases, e.g. a wedding. Comparatively, mandatory income management deprives individuals and families of the ability to manage their own finances, without guaranteeing they will actually develop a capacity for budgeting or a "magic bullet" for financial literacy. As such, although the Federal Government has committed resources such as financial counselling and 'money management' classes, there is no assurance that *all* income-managed people will actually receive access to these services; in contrast to those who have chosen to receive assistance from the FIM program.

CONCLUSION

ANGLICARE Sydney acknowledges that the evidence provided by FaHCSIA so far suggests that there have been some measurable and positive impacts under the mandatory income management policy pursued in indigenous communities in the Northern Territory for a small sample of non mainstream Australians. However, this evidence also raises issues and concerns with the operation of the BasicsCard, the alienation of some Aboriginals from mainstream Australia as a result of the policy, the lack of consistently clear evidence of improvements in relation to education and employment, bartering of the BasicsCard for cash and gambling and uncertainty in relation to well being outcomes.

On balance ANGLICARE Sydney believes that broadening mandatory income management to other parts of Australia is a major change in the delivery of welfare benefits requiring more extensive consultation with the community and ongoing, systematic evaluation of the current scheme. We believe that:

- a. By its very nature, mandatory income management is discriminatory, whether administered on a geographic basis or on a people group basis. It is more likely to affect certain groups who are already over-represented among the most disadvantaged, such as indigenous Australians and single parents.
- b. Mandatory income management is administratively costly (\$352 million over 4 years) and there is an argument that these funds could be used more effectively to address the systemic problems of disadvantage.
- c. The current proposal to extend mandatory income management to other communities does not require Centrelink or other agencies to work closely with individuals nor will it require them to work in partnership with relevant community groups and organisations. It essentially reverses the onus of proof to require individuals living in identified areas and receiving designated benefits to demonstrate their capacity to manage financially, in order to be allowed independent control of the often inadequate benefits that are paid to them.
- d. Mandatory income management does not address the core issues of multiple and systemic deprivation related to low levels of income, unemployment, chronic health issues, disability, poor educational opportunities and inadequate skills for the labour market. It is an attempt to manage the problem rather than address it.
- e. There may be issues with extending a policy which was community specific to a wider economic and social framework and consideration needs to be given as to whether the outcomes, designed for one context, are translatable and achievable in a different context. This policy was designed specifically for Aboriginal communities in a rural and remote context taking into account strong kinship obligations and complex historical relationships. ANGLICARE would question the veracity of such a community specific policy being widened to other communities without proper evaluation on its wider applicability.
- f. The original intent of mandatory income management was to reduce the incidence of child sexual abuse rather than reducing welfare dependency. A policy designed for one purpose in one community setting is now being extended across a number of communities for a different purpose.

The proposed new scheme needs to be part of a broader model that addresses the immediate needs of families and individuals and addresses the underlying causes of disadvantage and how it is consistent with the Government's social inclusion agenda. Far more detail is required about how this expanded scheme will address disadvantage, contribute to improved financial literacy and household management skills and be integrated with other services such as family counselling and support.

RECOMMENDATIONS

1. Voluntary rather than mandatory income management should be tried and evaluated first as a preferred policy option.

- 1.1 Under this voluntary system individuals and communities be provided with the opportunity to nominate the percentage of payments that will be 'income managed'.
 - 1.2 Under a voluntary system Individuals and communities be given the option to exit from income management freely at any time without financial penalty. Simultaneously incentives be provided to engage and retain people in the system.
 - 1.3 That the Federal Government undertake an evaluation of the proposed financial counselling and 'money management' courses to ensure that they are culturally appropriate and relevant to participants.
2. If mandatory income management is to be expanded ANGLICARE Sydney believes the following should occur:
 - 2.1 It only be done so with commensurate casework and support programs for the individuals so affected in order to deal with the underlying causes of disadvantage;
 - 2.2 The Government invest in complementary services, programs and infrastructure with the purpose of fostering community development, increasing school attendance, facilitating youth engagement and increasing employment in communities brought under income management regimes
 - 2.3 Individuals and communities are given access to an open and transparent process of appeal.
 - 2.4 The scheme not extend to communities beyond the Northern Territory without thorough evaluation of its effectiveness in producing social inclusion outcomes etc.
3. An evaluation of the average costs of living for individuals, pensioners, people with a disability and families is undertaken by the Australian Institute of Health and Welfare (AIHW) to ascertain minimum income required to sustain a reasonable standard of living.
4. That the Federal Government considers subsidising the cost of basic living expenses, e.g. healthy foods, for those people on carers or disability pensions.
5. That future evaluations of the income management schemes are conducted independently (e.g. Australian Human Rights Commission) and released at a maximum interval of 12 months.
6. That any future evaluations of income management schemes (either mandatory or voluntary) be conducted with a broader range of individuals and communities whose opinions may not have necessarily have been expressed in existing reports or evaluations conducted by FaHCSIA.
7. Individuals and communities are given the opportunity to participate in consultations with sufficient notice and with appropriate provisions, e.g. interpreters, at all times.

8. Community sector organisations be fully consulted in relation to the extension of income management policy arrangements.
9. That individuals and communities participating in the consultation process are duly notified of the outcomes in writing.
10. That the Federal Government releases the complete transcripts of community consultations for public scrutiny.

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